

INVESTEC AUSTRALIA PROPERTY FUND

Established in Australia and registered with ASIC as a managed investment scheme (ARSN 162 067 736)

Operated by Investec Property Limited (ACN 071 514 246; AFSL 290 909) ("**Responsible Entity**")

Registered as a foreign collective investment scheme in terms of the Collective Investment Schemes Control Act No.45 of 2002

Unit code: IAP

ISIN: AU0000046005

("IAP" or the "Fund")

VOLUNTARY ANNOUNCEMENT – ACQUISITION OF PROPERTY

1. Acquisition

Unitholders are advised that the Fund¹ has entered into agreements to acquire an industrial facility to be constructed at Lot 3, Belconnen Crescent, Brendale QLD (**Property**).

The Property is being acquired on a fund-through basis. The Fund has entered into:

- a nomination agreement with Felton Property Group Pty Limited (**Developer**) under which the Developer has nominated the Fund for the purposes of exercising a call option to acquire the Property from the current owner, Alberton Holdings Qld Pty Ltd (**Owner**), pursuant to a contract for sale of land; and
- a development agreement with the Developer under which the Developer will undertake the development of the Property on behalf of the Fund.

The effective date of the acquisition of the Property is the settlement date under the contract for sale of land which, subject to satisfaction of certain conditions, is anticipated to occur in October 2020.

2. Purchase consideration

The total purchase consideration is AUD 15,624,000 which represents an initial yield of 6.25% (6.13% post all transaction costs). The purchase consideration comprises an initial payment of AUD 3,885,500 to the Owner under the contract for sale of land, with the balance to be progressively paid to the Developer under the development agreement.

The purchase consideration and all transaction costs will be funded through the Fund's existing syndicated debt facility with its existing financiers.

3. Rationale for acquisition of the Property

The acquisition of the Property represents an attractive investment for the Fund for the following reasons:

- Brand new, high quality 9,300m² generic warehouse and distribution facility which would suit multiple users
- 10,852m² of hardstand and 95 on-site car parks
- Depreciation benefits from new construction with no near term capital expenditure forecast
- Lease to Outdoor Supacentre Pty Ltd (trading as 4WD Supacentre), a national business which supplies camping and 4WD accessories
- Lease term of 6 years at AUD 105/m², which reflects a market rent
- Annual fixed escalations of 2.75%
- Attractive acquisition yield of 6.25%
- Fund-through acquisition structure is stamp duty efficient, saving approximately 23 basis points

¹ Through a wholly-owned trust, Investec Australia Sub Trust No.6

- The Fund will earn a coupon of 6.25% on the initial payment to the Owner under the contract for sale of land and the amounts progressively paid to the Developer under the development agreement from the effective date until commencement of the lease to the tenant (anticipated to be in June 2021)
- Opportunity to partner with a developer that may provide the Fund with future opportunities
- The acquisition is accretive to the Fund

4. Specific information relating to the Property

Registered description	Proposed Lot 3 on Survey Plan yet to be registered cancelling Lot 1000 on Survey Plan 290310 Title Reference 51090279
Title	Freehold
Sector	Industrial
Location	23 kms north of the Brisbane CBD
Year built	2020 (to be constructed)
Site area	21,078m ²
Gross lettable area	9,300m ²
Rent per m ²	AUD 105/m ² (net)
Vacancy	0%

The Property has been valued at AUD 15,624,000 (“as if complete”) as at 3 July 2020 by Savills Valuations Pty Ltd (ABN 73 151 048 056). The valuer, Leigh Atkinson, is an independent valuer and is recognised by The Australian Property Institute as a Certified Practising Valuer (API Member: 65688, QVRB: 2385).

5. Categorisation

The acquisition is not a categorised transaction in terms of the JSE Listings Requirements. This announcement is voluntary and for information purposes only.

Johannesburg
11 August 2020

Financial Advisor and Sponsor
Investec Bank Limited